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February 5, 2001

Richard Collier, Esq.
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

In Re: Second Complaint of Discount Communications Against BellSouth
Telecommunications, Inc.
Docket No. 00-01151

Dear Richard:

I have reviewed BellSouth's proposed escrow agreement between BellSouth and Discount. Despite much discussion, Mr. Hicks and I were unable to devise an agreement upon which our respective clients could agree.

I interpreted your instructions at the pre-hearing conference to be that the new escrow agreement should be the same as, to the extent practical, the parties' earlier escrow agreement which worked well for more than six months.

BellSouth's proposal, however, differs from the old agreement in two respects: first, it provides that the escrow account be held by the Memphis-based Waring Cox law firm, which represented BellSouth in the recent bankruptcy proceedings. Under the old agreement, the parties consented to allow Boulton, Cummings to hold the escrow account. The Waring Cox firm is not involved in, or familiar with, the TRA's regulatory duties or Discount's second complaint. Should any problem arise with the agreement, it would be easier for all parties and the TRA to again make Boulton, Cummings the escrow holder.

Second, the new agreement provides for weekly transfers of all escrow funds to BellSouth. This would mean, in effect, that Discount would be paying for service before having a chance to review BellSouth's bill. There is no comparable provision in the old agreement which stated that the escrow fund would be turned over to BellSouth after a decision had been made and that the money would be applied only to service rendered after the date of the agreement. Once again, that agreement worked well and, on the day the TRA issued a written decision on Discount's complaint, BellSouth received a cashiers check for the entire amount of the escrow fund.

Richard Collier
February 5, 2001
Page 2

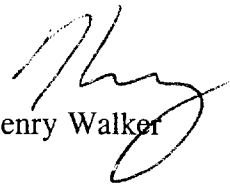
Except for these two points, the new agreement is consistent with the earlier agreement, as directed by the Hearing Officer, and is agreeable to Discount.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:

Henry Walker

A handwritten signature in black ink, appearing to read 'Henry Walker', is written over the printed name.

HW/nl
c: Guy Hicks